

1 **PLEDGE OF ALLEGIANCE**

2 Director Disston led the Board and staff in the pledge of allegiance.

3 **VISITOR COMMENTS**

4 Mr. Kevin Hunt, General Manager of Municipal Water District of Orange County,
5 (MWDOC) announced that Mr. Jack Foley is the new chairman of Metropolitan Water District
6 of Southern California (MET). Mr. Hunt advised that Mr. Foley will be working at the
7 MWDOC location two days each week and will be accessible.
8

9 **ORAL COMMUNICATION**

10 There were no additional oral or written comments.

11 **DIRECTOR'S COMMENTS**

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13 Director Acosta extended congratulations to Director Foley's MET appointment and
14 commented on his leadership skills. Director Acosta also extended a welcome to Mr. Hunt for
15 his attendance at TCWD's Board meeting.

16 Director Haselton also welcomed Mr. Hunt to the Board meeting and expressed his
17 pleasure that a representative of MWDOC is in attendance at a TCWD Board meeting.

18 Director Disston provided a recap of the October SOCWA meeting relating to NPDES
19 permits for the outfall along with highlights from the recent Biomass Solids Workshop.

20 Vice President Mandich noted the change in freeboard at Dove Lake due to the recent
21 rains.

22 **REPORT FROM THE GENERAL MANAGER**

23 Mr. Don Chadd, General Manager, updated the Board as to the status of the line break
24 repairs in the Robinson Ranch community. Mr. Chadd advised the repairs have been completed
25 on Birdhollow Street including asphaltting. Mr. Chadd advised repairs have been completed on
26 Silver Tree Lane, however; when backfilling the trench, water seepage was noted. The Water
27 Department will conduct further investigation as soon as the rains cease.
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1 **ITEMS TOO LATE TO BE AGENDIZED**

2 Mr. Chadd advised he received a letter from Mr. Steve Hayman, General Manager for the
3 City of Rancho Santa Margarita announcing Mr. Jim Thor's retirement and requesting
4 recognition from TCWD at the November 10, 2010 City Council meeting. Mr. Chadd requested
5 the Board bring this item on as an item too late to be agendized as Item 1P since the letter was
6 received after the posting of the current agenda and the need exists to hear the matter prior to the
7 next Regular Board meeting on November 17, 2010.

8 MOTION: A motion was made by Director Disston and seconded by Director Acosta
9 to bring this item on to the agenda as Item 1P. The motion carried 4-0.

10 **CONSENT CALENDAR**

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12 Vice President Mandich announced that all matters under the Consent Calendar would be
13 approved by one motion unless a Board Member requests a separate action on a specific item.
14 Director Acosta asked to pull items 1C and 1D.

15 MOTION: A motion was made by Director Disston and seconded by Director Acosta
16 to pull items 1C and 1D and to approve the Consent Calendar, Item Nos.
17 1A, 1B and 1E, as presented. The motion carried 4-0.

18 Director Acosta requested a correction be made to Item 1D, specifically his attendance
19 record of August 25, 2010 wherein he was paid a director stipend for attendance at the August
20 25, 2010 City of Rancho Santa Margarita City Council meeting. Mr. Acosta stated he was out of
21 town on that date and unable to attend the meeting.

22 Director Acosta requested a comment be added to Item 1C recognizing staff's proactive
23 measures relating to potential Dove Lake turnover. Director Disston stated this comment is not a
24 correction and amended his motion to state;

25 MOTION: A motion was made by Director Disston and seconded by Director Acosta
26 to pull item 1D only, to correct Director Acosta's attendance record of
27 August 25, 2010 and to approve Item 1C on the Consent Calendar, as
28 originally submitted, and Item 1D, as amended. The motion carried 4-0.

1 Director Acosta directed staff to discuss Dove Lake turnover in an upcoming issue of On-
2 Tap.

3 **ACTION CALENDAR**

4 Vice President Mandich stated that the General Manager and staff had reviewed all
5 matters under the Action Calendar prior to the Board's consideration.

6 **ADMINISTRATIVE MATTERS**

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8 **ITEM NO. 1F STATUS UPDATE RELATING TO WATER MONITORING AND
9 WATER CONSERVATION EFFORTS**

10 Mr. Michael Perea, Special Projects Manager reminded the Board of TCWD's
11 California Friendly Landscape Workshop, through MET, scheduled for Saturday, October 23,
12 2010 at the District Administrative Facility.

13 Mr. Chadd provided a letter from MWDOC to TCWD recognizing the District's success
14 in water use efficiency and water conservation throughout the District for fiscal year 2009/2010.
15 Mr. Chadd reviewed MWDOC's graphs and charts dated October 1, 2010.

16 Mr. Chadd reviewed each Director's consumption along with district customer
17 consumption data by meter size, consumption by gallon, and dollar amount per tier.

18 The Board received and filed the status update.

19 **ITEM NO. 1G STAFF REPORT AND POSSIBLE ACTION RELATING TO**
20 **COUNTY OF ORANGE PROPOSED IMPROVEMENTS TO**
21 **TRABUCO CREEK ROAD**

22 Mr. Chadd provided an overview of the matter and reminded the Board this matter has
23 been previously discussed at the committee and board levels and staff was instructed to bring the
24 Agreements and Exhibits to the Board for approval once TCWD and County Legal Counsel had
25 finalized.

26 Vice President Mandich had questions relating to item D on page 3 of the Agreement
27 with respect to toxic substances. TCWD Legal Counsel addressed and clarified this matter.
28

1 Vice President Mandich expressed concern in the easement language in the Agreement.
2 Vice President Mandich is seeking to avoid encumbering the District with easement language
3 that may have the potential to impact future repairs or expansions in the area of Trabuco
4 Creek road. Discussion followed relating to easements, legal language, surveying and road
5 alignment. Legal Counsel assured the Board TCWD rights and easements are protected and
6 the language in the Agreement is necessary for the County's funding requirements.

7 MOTION: A motion was made by Director Disston and seconded by Director
8 Haselton to approve the Grant of Easement and Agreement and Exhibits
9 A, B, C, and D as submitted and to authorize President Safranski to sign
10 the Agreement. The motion carried 3-1 (Director Mandich voted
opposed).

11 **ITEM NO. 1H DISCUSSION AND POSSIBLE ACTION RELATING TO**
12 **AGREEMENT BETWEEN TCWD AND THE OAKS AT TRABUCO**
13 **(GOREN PROPERTY)**

14 Mr. Chadd stated there are a number of Agreements in place relating to this development
15 and that the 2006 Agreement expired September, 2010. Mr. Chadd stated he conducted a phone
16 conference last week with Legal Counsel and Mr. Goren to work out the details of a contract
17 extension and sewage hauling deposit. Mr. Chadd anticipates bringing the contract to the Board
18 at the time of the November 17, 2010 Regular Board meeting.

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20 **ITEM NO. 1I DISCUSSION AND POSSIBLE ACTION RELATING TO THE**
21 **ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)**
22 **HEALTH BENEFIT AUTHORITY (HBA) BOARD OF DIRECTOR**
ELECTIONS

23 Mr. Chadd advised the Board that staff makes no recommendation on this matter. Board
24 discussion followed.

25 MOTION: A motion was made by Director Disston and seconded by Director Acosta
26 to authorize the General Manager to cast TCWD's vote for Mr. Robert
27 Moore, South Coast Water District. The motion carried 4-0.
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1 **ITEM NO. 1J DISCUSSION AND POSSIBLE ACTION RELATING TO**
2 **METROPOLITAN WATER DISTRICT (MET) RATE INCREASE**
3 **JANUARY 1, 2011**

4 Mr. Chadd reminded the Board that at the time of adoption of TCWD's 2010-2011
5 budget, MET had advised of a pending water commodity rate increase scheduled to be in effect
6 January 1, 2011. TCWD's budget adoption anticipated a pass through of this water commodity
7 rate increase to District customers effective January 1, 2011.

8 Mr. Chadd provided information from MET's Long Range Financial Meeting of July 1,
9 2010 including Long-Term Estimated Rate Increases on MET's different tiers of treated and
10 untreated water. MET is increasing the wholesale cost of water to local retailers using tier 1
11 untreated water by 9.2% effective January 1, 2011.

12 Mr. Chadd stated TCWD is proposing to prepare the necessary Proposition 218 Notice of
13 Rate Increase and Notice of Public Hearing in the same manner that the Santa Margarita Water
14 District has done as it relates to pass through adjustments.

15 Mr. Rob Anslow, District Legal Counsel, advised the Board and staff of the legal
16 requirements and the methodology required to support the pass through adjustment.

17 Mr. Chadd explained to the Board the formula methodology which TCWD has used to
18 demonstrate the increase adjustment based on the Preliminary Revenue and Expenses at June 30,
19 2010 for water purchases. Mr. Chadd showed a Water Expense (variable) pie chart wherein
20 Operations and Maintenance charges represent a certain percentage of TCWD's cost to deliver
21 water along with water purchases which represent the remaining percentage of the annual
22 variable costs. Based on data from June 30, 2010 Revenue and Expenses, the MET/MWDOC
23 increase to TCWD of 9.2% to the purchased water costs translates to a 12 cent adjustment in the
24 billing unit rate across all tiers. The Directors were provided with a draft copy of the Proposed
25 Water Rate Increase along with a chart of current costs, proposed cost, and the amount of
26 increase for several levels of billing units.

27 Mr. Chadd recommended that the Board consider not adjusting the cost of reclaimed
28 water to Homeowner Associations within the district at this time in an effort to promote
reclaimed expansion within the district.

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2 MOTION: A motion was made by Director Disston and seconded by Director Acosta
3 to:

- 4 1. Adopt a specific rate change effective on water used on and
5 after January 1, 2010.
- 6 2. Authorize staff to prepare for Public Hearing on December 15,
7 2010.
- 8 3. Authorize staff to send out Notice of Public Hearing
- 9 4. Direct staff to bring a Resolution to the Board at the time of the
10 December 15, 2010 Board Meeting

11 The motion carried 4-0.

12 **ENGINEERING MATTERS**

13 **ITEM NO. 1K STATUS UPDATE RELATING TO BAKER WATER** 14 **TREATMENT FACILITIES**

15 Mr. Ruiz advised MWDOC met with MET on August 24, 2010 to discuss the issues
16 related to the preparation of an agreement to allow the introduction of treated water from the
17 Baker WTP into the AMP. The agreement would address accounting of water for billing
18 purposes and for leasing of the AMP for conveyance, or “wheeling”, of treated water from the
19 Baker WTP.

20 Mr. Ruiz advised the Baker WTP Design is approximately 60% complete.

21 Mr. Ruiz advised IRWD presented a power point presentation on the evaluation of water
22 supply to the Baker WTP that included evaluating water quality impacts, hydraulics, and
23 delivery options.

24 Mr. Chadd reviewed financing options for the project and stated until such time that the
25 project goes out to bid; it will be difficult to secure agreements.

26 The Board received and filed the status update.

1 **ITEM NO. 1L** **STATUS UPDATE AND POSSIBLE ACTION RELATING TO**
2 **ROSE CANYON AND LANG WELLS GROUNDWATER**
3 **TREATMENT FACILITIES**

4 Mr. Ruiz advised all is proceeding smoothly and the project is 80% complete.

5 Mr. Ruiz advised the tie-in to the existing distribution system occurred earlier in the week
6 with no impact to customers. Prior to the tie-in, abandoned pipes were found at the bottom of the
7 well and posed an obstacle.

8 Mr. Chadd complemented TCWD's maintenance staff for their ingenuity and skill in
9 fabricating apparatuses to facilitate the removal of the submerged pipes from the wells which
10 saved the District considerable costs.

11 Mr. Ruiz advised the claims submittals have been sent out for processing for all invoices
12 paid to date. Future claim submittals will occur for future and pending invoices to the District.

13 Mr. Ruiz presented three change orders to the Board for consideration. Discussion
14 occurred relating to the necessity and cost of each change order item. Mr. Ruiz stated change
15 orders to date are slightly over 1 percent.

16 **MOTION:** A motion was made by Director Acosta and seconded by Director Disston
17 to approve and authorize staff to process the change orders submitted.
18 The motion carried 4-0.

19 **ITEM NO. 1M** **STAFF REPORT AND POSSIBLE ACTION RELATING TO 2011**
20 **URBAN WATER MANAGEMENT PLAN (UWMP) AND**
21 **SCHEDULE**

22 Mr. Ruiz advised the UWMP is required to be updated every five years to assist in
23 forecasting water demands. Recent changes in the law have extended the current deadline to
24 July 1, 2011.

25 Mr. Ruiz advised TCWD completed the 2005 UWMP in-house with the assistance of a
26 consultant and requested the Board to authorize and approve the District to perform the 2011
27 URWP in the same manner. The proposed schedule was briefly reviewed, including the need to
28 receive data from MWDOC and MET.

The Board received and filed the information.

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ITEM NO. 1N	<p>REVIEW AND DISCUSSION OF SOUTH ORANGE COUNTY ISSUES REGARDING THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)</p>
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Mr. Chadd advised there is a meeting scheduled for October 21, 2010 with the nine South County General Managers and their elected officials to discuss the tentative agreement with MWDOC. Mr. Chadd stated the Agreement is not on tonight's agenda to decide. He reviewed the four documents which were previously provided to each director on October 5, 2010.

Director Disston commented that each TCWD Board Member is up to speed on information provided and the Board has had discussion and aired concerns a number of times and has been hard-pressed to agree with MWDOC's findings and proposals. Director Disston stated he hopes to have open, meaningful discussions tomorrow in a final attempt to come to agreement with MWDOC's proposed final contract.

Director Acosta asked General Manager Chadd if there has ever been a tentative agreement.

Mr. Chadd stated this multi-year process is the most poorly organized negotiating process he has ever seen and went on to criticize the dysfunction of the processes and stated the person that brought the last Agreement to the MWDOC Board should be fired.

Director Disston acknowledged elected as well as general managers are very frustrated with the amount of time invested in these negotiations which don't seem to be going anywhere.

Mr. Kevin Hunt asked to be recognized to speak from the audience. Mr. Hunt commented that the process has been extremely stressful and a lot of wasted time. Mr. Hunt noted that the public deserves better and expects such agencies to work together on issues. Mr. Hunt acknowledged another draft should have been sent out prior to the last Agreement.

Mr. Hunt closed by stating it was a pleasure to observe TCWD's Board in action and stated it is apparent the General Manager and Board have a good working relationship which is a pleasure to see.

1 **ITEM NO. 10 REVIEW OF LOCAL GOVERNMENTAL AND LEGISLATIVE**
2 **INFORMATIONAL ITEMS**

3 Mr. Chadd stated there is no information to discuss at this time.

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5 **ITEM NO. 1P DISCUSSION AND POSSIBLE ACTION RELATING TO THE**
6 **RECOGNITION OF COUNCIL MEMBER JIM THOR**

7 Mr. Steve Hayman, General Manager of the City of Rancho Santa Margarita, sent a letter
8 To TCWD Board of Directors announcing the retirement of council member Jim Thor. Mr.
9 Hayman invited the Board to participate in recognizing Mr. Thor's accomplishments by
10 providing a proclamation or certificate of recognition at the November 10, 2010 City Council
11 meeting.

12 MOTION: A motion was made by Director Disston and seconded by Director
13 Haselton to direct staff to provide a Proclamation on behalf of Council
14 Member Jim Thor to the City of Rancho Santa Margarita. The motion
15 carried 4-0.

16 **END ACTION CALENDAR**

17 **OTHER MATTERS**

18 Mr. Chadd discussed the Plano Trabuco median reclaimed water line conversion the City
19 of Rancho Santa Margarita had previously requested TCWD to perform. Mr. Chadd advised the
20 Legal Counsel for the City inserted a not to exceed clause after TCWD Legal Counsel had
21 finalized the Agreement.

22 Mr. Chadd advised the Board tenant improvement will begin next week within the
23 administration building in order to create an additional office space.

24
25 Mr. Chadd provided an update on the Larkgrove water theft and stated the fine had been
26 accessed and the bill mailed via certified mail to the resident.

27 **ADDITIONAL DIRECTORS' COMMENTS**
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1 There were no additional comments.

2 **ADDITIONAL GENERAL MANAGER COMMENTS**

3 There were no additional comments.

4 **ADJOURNMENT**

5 At 8:47 p.m. Vice President Mandich adjourned the October 20, 2010 Regular Board
6 Meeting.
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9 Respectfully Submitted,

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Teresa Teichman
13 Secretary to the Board of Directors
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